



A Hitchhiker's Guide to Intellectual Property and Licensing

a Sandia Perspective

by

Dr. Gordon T. Leifeste



What is Intellectual Property Management and Licensing?

- **Technological innovation and know-how are “owned”, have value, and can be managed to generate tangible and intangible benefits to the corporation.**
- **Rights of use can be conveyed to others**
 - **make, sell, use**
 - **exclusive, limited exclusive, non-exclusive**
 - **(field of use, geographic, time, etc.)**



Sandia's Management of Intellectual Property

- **Adhere to the contractual commitments to the U.S. Department of Energy to manage, protect, and license intellectual property**
- **Protect intellectual properties that enhance Sandia's technology infrastructure**
- **Sandia can request to DOE that the laboratory take title to properties that have commercial potential (M&O Class Waiver)**
- **Patent-protect potentially licensable subject inventions**
- **Use Sandia intellectual property to assist private-sector collaborators**



Objectives for Management of Sandia's Intellectual Property

- **Use IP for the benefit of the DOE and other federal agencies**
- **Enhance the technology infrastructure of the Labs**
- **Enhance the technological and economic competitiveness of the U.S. and its industrial base**
- **Contribute to local, regional, and state economic development**
- **Improve quality of life through new technology-based products and services**



Patents vs Copyrights

- **A patent is a document issued by the U.S. Patent and Trademark Office (PTO), for example, that grants a monopoly for a limited period of time on the use and development of an invention(an idea) which the PTO finds to qualify for patent protection**
- **An arrangement is made with a licensee whereby the licensee is authorized to commercially exploit the invention in exchange for paying the patent owner royalties for each invention sold**



Patents vs Copyrights (Cont'd)

- **A copyright is an original, creative, expression of an idea or facts fixed in a tangible medium**
- **A copyright gives the owner the right to keep others from using the work without the owner's permission**
- **An arrangement is made with a licensee whereby the licensee is authorized to commercially exploit the work or new works in exchange for paying the copyright owner royalties for products sold**



Patents vs Copyrights (Cont'd)

- **Patents provide “strong protection” but are good for only 20 years and the idea is disclosed to the public when the patent issues**
- **Copyrights provide “weaker protection” since the work can be reversed engineered, are in force for 75 years, but the work does not have to be made publicly available**



What Kinds of Licenses Are Available?

- **Government**
- **Research; usually for a university, non-commercial**
- **Test and Evaluation; short and finite duration**
- **Shrink Wrap; usually for internal use only, one time fee, domestic, 2 pages**
- **Full blown commercial**
- **Agreement to license; common in NFEs, CRADAs**



Components of a License

- **Definitions**
- **Grants (distribution channels)**
- **Parties duties**
- **License fees and royalties**
- **Nondisclosure**
- **Duration and termination**
- **Warranty, liability, and indemnification**
- **Government rights and sponsorship**
- **Export control**

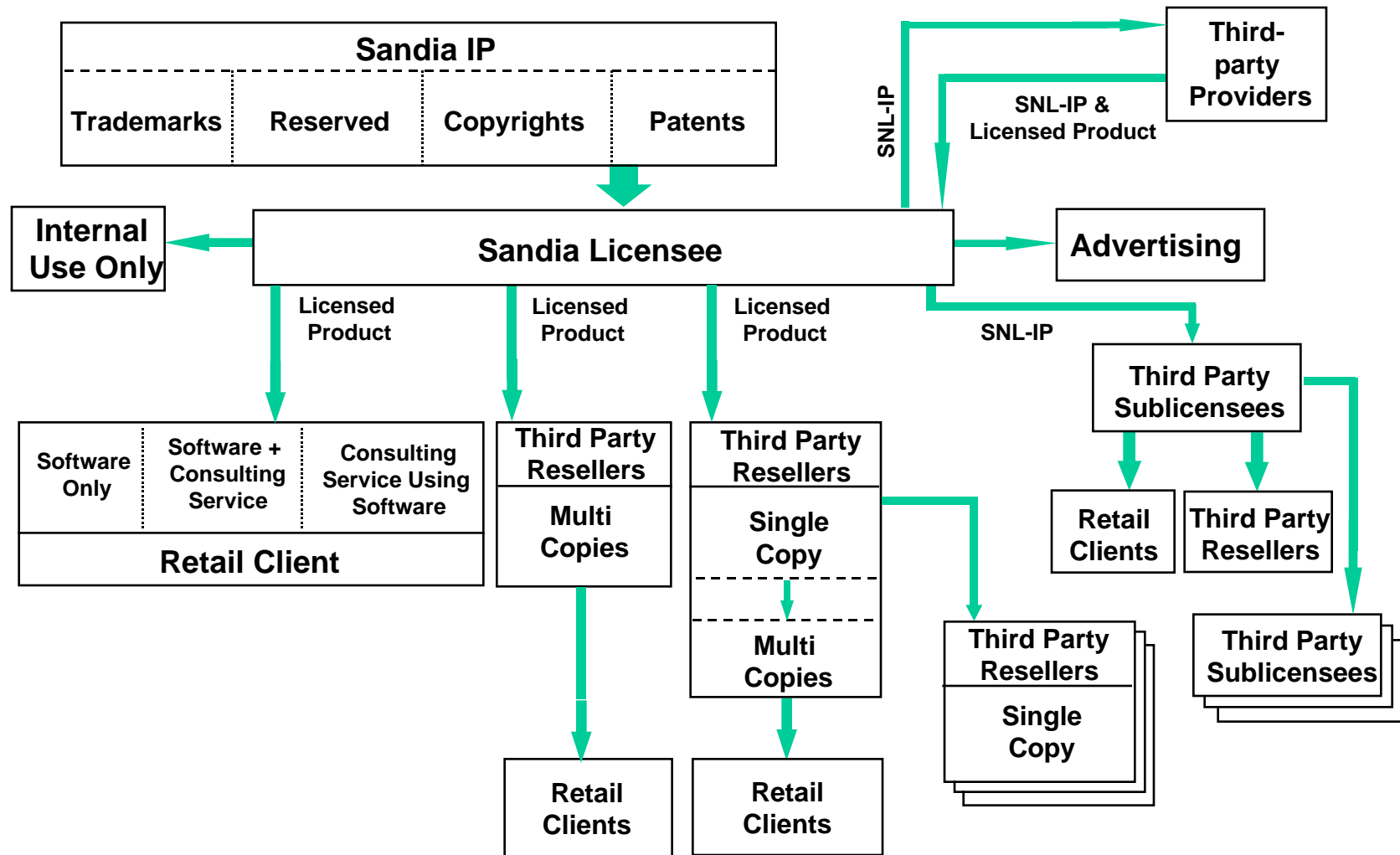


Definition: Licensed Product

- **Sandia's technology is threaded through this product**
- **“Licensed Product” shall mean any system which is included or derived from Sandia Software, or is produced by a process which is, or which is produced by a process that operates under any claim of Sandia Patent Rights.**



IP Distribution Channels





Major Flow Down Provisions

- **Resulting design and development using Sandia Patent Rights and Sandia Software will be performed in the United States and that the resulting products will be substantially manufactured in the United States**
- **Export control**
- **Warranty, liability, and indemnification**



Standard Warranty, Liability, and Indemnification Clause

- **Sandia makes no warranty, express or implied, as to the accuracy or utility of any Sandia Software or Sandia Patent Rights. Sandia further makes no warranty, express or implied, that the use of any Sandia Software or Sandia Patent Rights will not infringe any United States or foreign patent or copyright. Sandia Software and Sandia Patent Rights is made available to ABC on an “AS-IS” basis.**



Warranty, Liability, and Indemnification (cont'd)

- **Neither Sandia nor the Government, nor their agents, officers and employees shall be liable for any loss, damage (including, incidental, consequential and special), injury or other casualty of**
- **ABC agrees for itself, its Affiliates, successors and assigns, to defend Sandia and to indemnify and hold Sandia and the Government, harmless from and against all claims, demands, liabilities, suits or actions...**



Warranty, Liability, and Indemnification (Cont'd)

- **This language is negotiable only with the DOE**
- **The language is required by our contract with the DOE**



Government Rights and Sponsorship

- **The Government is granted for itself and others acting on its behalf a paid-up, nonexclusive, irrevocable, worldwide license in Sandia Software and Sandia Patent Rights to reproduce, prepare derivative works, perform publicly, and display publicly.**



Standard Export Control Clause

- **Licensee shall abide by the export control laws and regulations of the United States Department of Commerce and other United States governmental regulations relating to the export of Sandia Software. Failure to obtain an export control license or other authority from the Government may result in criminal liability under U.S. laws.**



Standard Export Control Clause (cont'd)

- **Sandia Software is subject to Export Administration Regulations (EAR)... Receiver of Sandia Software will not (unless prior written authorization is obtained from the Office of Export Licensing, U.S. Department of Commerce, P.O. Box 273, Washington, D.C. 20444) knowingly re-export, directly or indirectly, either the software or any product of the software to...**